

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of Financial and Insurance Regulation

In the matter of:

Office of Financial and Insurance Regulation

**Enforcement Case No. 08-6911
Agency No. 09-022-SR**

Petitioner

v

**Richard Gilbert
CRD No. 1929783**

Respondent

CONSENT ORDER AND STIPULATION

Issued and entered
on November 24, 2009
by **Stephen R. Hilker**
Chief Deputy Commissioner

**I.
FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. At all times pertinent to the matter herein, Richard Gilbert ("Respondent") was a registered representative in the state of Michigan under the Michigan Uniform Securities Act ("the MUSA").
2. As a registered representative, Respondent knew or had reason to know that Section 204(a)(1) of the MUSA, MCL 451.604(a)(1), states in pertinent part:
 - (a) The administrator may by order, if it finds the order in the public interest, deny, suspend, or revoke any registration, or censure a registrant, if it finds that 1 or more of the following apply:
 - (1) The applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar

functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

(B) Has violated or failed to comply with any provision of this act or a predecessor act or any rule or order under this act or a predecessor act.

(G) Has engaged in dishonest or unethical business practices.

(W) Has, while registered as an agent or investment adviser, borrowed money from a customer.

(Y) Has, while registered as an agent, effected securities transactions when those transactions were not recorded on the records of the employer broker-dealer.

3. Respondent has failed to uphold the standards as described below.
4. From September 1992 to September 2006, Respondent issued promissory notes in an effort to raise money to develop "Mystic Forest," a residential community, through his company Pine Ridge Development, LLC. Respondent issued multiple versions of these promissory notes with some listing Respondent as the borrower and others listing Respondent and Pine Ridge Development, LLC as the borrowers. Respondent was an agent of Securities America, Inc. or Michigan Securities, Inc. during the period of time in which the promissory notes in question were issued by the Respondent.
5. By personally borrowing money from clients while acting as a registered agent for Securities America, Inc. or Michigan Securities, Inc., the Respondent violated Section 204(a)(1)(B) of the MUSA, MCL 451.604(a)(1)(B), Section 204(a)(1)(G) of the MUSA, MCL 451.604(a)(1)(G), and Section 204(a)(1)(W) of the MUSA, MCL 451.604(a)(1)(W).
6. The promissory notes issued by the Respondent were reported as an outside business activity rather than on the books and records of the broker-dealer, in violation of Section 204(a)(1)(B) of the Act, MCL 451.604(a)(1)(B), Section 204(a)(1)(G) of the Act, MCL 451.604(a)(1)(G), and Section 204(a)(1)(Y) of the Act, MCL 451.604(a)(1)(Y).

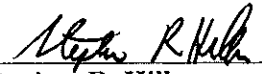
**II.
ORDER**

Based upon the Findings of Fact and Conclusions of Law above and Respondent's stipulation, the Commissioner ORDERS that:

1. Respondent shall CEASE and DESIST from violating MCL 451.604.
2. Respondent shall not borrow money from clients for personal or investment purposes.
3. Respondent acting on behalf any entity in which he is a shareholder, officer, director, or owner shall not borrow money from his clients for any purposes that would benefit the entity.
4. Forthwith, Respondent's registration in the State of Michigan is suspended until March 1, 2010. Respondent shall further pay to the state of Michigan, through the Office of Financial and Insurance Regulation, civil fines in the amount of \$10,000. Respondent shall pay the fine within 30 days of the invoice date as indicated on the OFIR invoice.

IT IS SO ORDERED.

Dated: 11/24/2009




Stephen R. Hilker
Chief Deputy Commissioner

**III.
STIPULATION**

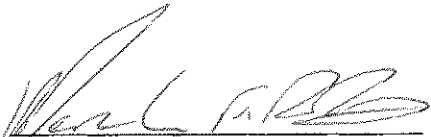
Respondent has read and understands the Consent Order above. Respondent agrees that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Uniform Securities Act. Respondent waives the right to a hearing in this matter if this Consent Order is issued. Respondent understands that the Consent Order and Stipulation will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this Consent Order. Respondent waives any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. Respondent admits to the Findings of Fact and Conclusions of Law set forth in the above Consent Order, and agrees to the entry of the Consent Order.

Dated: 11/18/09


Richard Gilbert

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above Consent Order.

Dated: 11/22/09


Marlon F. Roberts
Staff Attorney